

IOWA RACING AND GAMING COMMISSION

MINUTES

JUNE 7, 2007

The Iowa Racing & Gaming Commission (IRGC) met on Thursday, June 7, 2007, in the Northwoods Room at Stoney Creek Inn and Conference Center, 5291 Stoney Creek Court, Johnston, Iowa. Commission members present were Kate Cutler, Chair; Gerry Bair, Vice Chair, and members Diane Hamilton and Greg Seyfer. Commissioner Toni Urban was absent.

Chair Cutler called the meeting to order at 8:30 AM and requested a motion regarding the agenda. Commissioner Bair moved to approve the agenda as submitted. Commissioner Seyfer seconded the motion, which carried unanimously.

Chair Cutler moved to the next agenda item and requested a motion regarding the minutes from the April 19, 2007 Commission meeting. Commissioner Seyfer moved to approve the minutes as submitted. Commissioner Hamilton seconded the motion, which carried unanimously.

Chair Cutler called on Jack Ketterer, Administrator of IRGC, for announcements. Mr. Ketterer provided the following information for upcoming Commission meetings:

- July 12, 2007 Commission Meeting – Stoney Creek Inn, Johnston, IA
(Submissions due by June 27, 2007)
- August 30, 2007 Commission Meeting – Riverside Casino & Golf Resort,
Riverside, IA (Submissions due by August 16, 2007)
- October 9, 2007 Commission Meeting – Isle of Capri Waterloo, Waterloo, IA
(Submissions due by September 25, 2007)
- November 8, 2007 Commission Meeting – Stoney Creek Inn, Johnston, IA
(Submissions due by October 25, 2007)
- December 2007 – No Meeting

He pointed out that the October meeting would be held on a Tuesday due to scheduling conflicts.

Chair Cutler called on Mr. Ketterer to address the administrative rules being submitted under Notice of Intended Action. Mr. Ketterer advised that the proposed rule came about as a result of a review requested by Representative Rick Olson from Des Moines and Representative Philip Wise from Keokuk, Co-Chair of the Rules Review Committee. They requested that the Commission review our rule that calls for an automatic summary suspension for someone who is charged with a crime, which if convicted, would make them ineligible for a license. Two convictions that would make an individual ineligible

for an occupational license are a felony or a drug conviction within the last five years. If an individual is charged with either of these offenses, the Commission's rules provide for an automatic suspension pending the outcome of the charges. Representatives Olson and Wise asked for a definition of "immediate danger" as they felt there was a requirement in the Administrative Procedures Act that there be an immediate danger for a summary suspension to be utilized.

Mr. Ketterer advised that he asked the Commission's legal counsel from the Attorney General's Office, Jeff Peterzalek, to obtain a definition from case law. Mr. Peterzalek and Dave VanCompernelle, Assistant Attorney General, came up with a definition, which was presented to a subsequent Rules Review Committee meeting. Mr. Olson and Chair Wise wanted, for lack of a better term, to delete the word "could" from the definition so that it would read: "Immediate Danger" means a present or imminent threat which harms or adversely affects ..." as opposed to Mr. Peterzalek's which read: "Immediate Danger" means a present or imminent threat which could harm or adversely affect ..." Some members of the committee noted that even though Representative Wise had asked for the review, the Committee could not write rules and asked only that the Commission consider adopting the rule.

Mr. Ketterer noted that Mr. Peterzalek expressed concerns about the need for the rule at all. Mr. Ketterer stated that he had advised the Rules Review Committee that he would place the proposed rule on the next Commission meeting agenda under Notice of Intended Action.

Mr. Peterzalek noted that the Attorney General's Office (AG's Office) was asked to review the rule that dealt with summary suspension in situations where certain criminal charges are brought. In addition, the AG's Office attempted to come up with a definition of "immediate danger" in the event the Commission chose to incorporate such a definition into its rules.

In reviewing the current rule and case law, both federal and Iowa Supreme Court case law that deal with these types of licensing and rule issues, Mr. Peterzalek stated that it became clear there was nothing wrong with the Commission's rule. He noted that all the U.S. Supreme Court and Iowa Supreme Court require in situations such as these involving a racing license is that there be a prompt post-suspension hearing, which the Commission's rules allow. In addition, the Commission allows the licensee to make an application to the Administrator for a stay of any suspension. Secondly, the Courts have ruled that the holding of a license is a privilege, not a right. He noted this opinion was recently reaffirmed in the 8th Circuit Court of Appeals in the TouchPlay case. Mr. Peterzalek noted there is also a substantial amount of due process already built into the criminal system – probable cause for an arrest, charging documents are reviewed by a Judge before an indictment or Grand Jury process or formal charges are filed.

Mr. Peterzalek stated that the Commission's rule, based on research, is consistent with other racing jurisdictions in order to protect the integrity of racing. He noted the rule has been in existence without any complaints for 15-20 years, and has done the job it was

intended to do – protect the integrity of racing not only in Iowa, but across the country based on all the simulcasting Iowa is involved in. Mr. Peterzalek stated that he did not see a problem with the current rule for all of the above reasons; however, if the Commission was inclined to incorporate an “immediate danger” standard into the rules, he recommended that the definition provided by the AG’s Office be the one utilized. He indicated that anything less than that would make the rule somewhat meaningless, but would also make it difficult to enforce.

Commissioner Bair asked if the term “immediate danger” was picked up from somewhere. Mr. Peterzalek advised that the term is used and required by the Administrative Procedures Acts. He noted that racing and gaming situations are different by virtue of the fact that but for the Legislature making it legal, it is an illegal industry and treated differently for a variety of reasons. “Immediate danger” is defined in some other provisions of state law but indicates that danger is likely to happen soon. Mr. Peterzalek advised that he and Mr. VanCompernelle looked at case law, rules, and statutes from Iowa and other jurisdictions to gather information to formulate the definition before the Commission.

Chair Cutler called for rebuttal comments from the audience. Hearing none, Chair Cutler requested a motion. The proposed rule died for lack of a motion.

Chair Cutler called on Ameristar Casino/Iowa West Racing Association (IWRA) regarding their expansion and renovation presentation. Todd Graham, Executive Director of IWRA, expressed IWRA’s support of Ameristar’s expansion proposal. He noted there has been a resurgence in Council Bluffs, and stated that the investments by the gaming industry have had a tremendous economic impact on the community in tourism and the number of jobs created. Mr. Graham noted that the casinos have also spurred additional entertainment and tourism attractions, and gave several illustrations.

Mr. Graham introduced Troy Stremming, Vice President and Chief Governmental Affairs Officer, who reaffirmed Ameristar’s excellent relationship with IWRA. He introduced Matthew Glock, Director of Governmental Affairs; Teresa Meyer, Senior Vice President and General Manager of the Council Bluffs property; and Jane Bell, Director of Governmental Affairs at the Council Bluffs property.

Mr. Stremming provided the following overview of the proposed plan which will:

- Add 38,500 square feet of gaming space
- Add approximately 600 slot machines
- Add 100 new jobs for team members, not including the construction job created during the expansion
- Increase the capital investment to approximately \$100 Million for the Council Bluffs property

Mr. Stremming advised that the Council Bluffs property is Ameristar's most dynamic property in terms of win per position. He noted they are experiencing capacity issues on weekends, particularly weekend nights. Mr. Stremming advised that even though Council Bluffs is third in the gaming market, even after the recent additions at Horseshoe Casino, Ameristar believes there is still room for growth in the Council Bluffs gaming market.

Mr. Stremming advised that Ameristar's proposal includes adding a platform around the existing vessel, which would add gaming space and allow them to improve the overall guest experience. The anticipated completion date is mid-2009, contingent upon receiving all of the necessary approvals in a timely manner. Mr. Stremming turned the floor over to Ms. Meyer, who gave a more detailed explanation of the proposed project.

Ms. Meyer noted that under the present docking situation, the entry level can fluctuate significantly depending on the level of the river, making it difficult to access the casino at times. Under the proposal, a coffer dam would be constructed, enclosing the existing basin. The coffer dam will allow Ameristar to control the water levels within the basin, and stabilize the level of the vessel with the permanent structures. She stated the single-level platform referred to by Mr. Stremming would enclose the front of the current vessel, which will be a part of the overall plan.

Ms. Meyer stated that even though the proposal calls for a significant expansion in the square footage of the gaming floor, Ameristar does not intend to double the number of games. The intent is to create a more spacious and comfortable experience for their guests. The expansion will include a dedicated poker room, a deli restaurant inside the casino, a central bar and two additional smaller bars. Existing areas of the facility will also be refurbished in order to insure the facility continues to meet Ameristar's "best in the market quality and experience". The proposal also calls for the addition of a 1,000 stall parking garage. The center bar on the platform will be encircled by table games and will also provide views to the floors above and below.

Ms. Meyer advised that the outward appearance of the facility would be that of a riverboat docked at a historic building. For the interior, the current vessel will be incorporated into the layout and design. The VIP lounge will be located on the third level of the vessel so they can enjoy views of the gaming floor. She reiterated her earlier statement that the expansion and renovation would maintain Ameristar's class standards and create the "best in market" casino experience for their patrons.

Ms. Meyer indicated the main entrance from the streetscape would pass in front of the escalators going up, giving patrons the feel of a one-level facility but with the option of looking up to the third level. On the first level, there will be an atrium and a new deli. The third level will house the VIP lounge and the poker room. She stated the first level would remain unchanged except for the cabaret, which will be refurbished, and possibly expanded.

Ms. Meyer reiterated the elements of the proposed project, which are:

- Cofferdam
- 1,000 Space Parking Garage
- Existing Vessel Renovation
- Casino Expansion
- Various Refurbishments of the Existing Property, and
- Additional Back-of-House Space.

She indicated that total property investment, including construction costs and all other related costs, is approximately \$100 million, with completion expected in mid-2009.

Mr. Stremming again summarized the project for the Commission. He advised that the additional revenue created by the expansion will generate an additional \$7 million in taxes for the state. Mr. Stremming advised that Ameristar is committed to creating an Ameristar-quality facility, delivering “the best in the market” experience of which the community can be proud and will continue to enhance the tourism market in Council Bluffs. Mr. Stremming thanked the Commission for their time and consideration of this project.

Commissioner Bair asked on what information Mr. Stremming was basing his comment that there is room for additional growth in the Council Bluffs gaming market. Ms. Meyer stated that based on capacity, Ameristar believes its property is operating at capacity on the weekend and evenings. It is their belief that customers will patronize the facility if they feel it is comfortable, roomy and has more amenities.

Commissioner Bair asked if the customers will be new customers or be cannibalized from other properties. Ms. Meyer stated that Ameristar feels the expanded amenities will bring visitors from outside the current market area, and some individuals traveling the nearby highways/interstate. They are hoping that individuals will choose to come to the property because of the increased amenities.

Mr. Stremming stated that he did not feel there would be an extreme amount of cannibalization. He noted that the recent change in the law, and as the Commission sees additional proposals as a result of that change, the properties will turn into destination properties, allowing them to expand the area from which they draw patrons.

Mr. Ketterer asked the occupancy rate for the three hotels located on Ameristar’s property. Ms. Meyer indicated the occupancy rate is between 96-98% during the holidays, and otherwise in the high 80’s.

Chair Cutler asked Mr. Ketterer how the Commission should proceed at this time. Mr. Ketterer advised that the presentation was for informational purposes, indicating they could do a motion indicating their support. Mr. Ketterer asked Mr. Stremming if he had an estimate of when ground breaking would occur. Mr. Stremming indicated that he did

not. Ms. Meyer advised they are hoping for 4-6 months, depending on the necessary approvals from the Corps of Engineers.

Commissioner Bair asked if the vessel would be sitting in “stale” water. Ms. Meyer advised that she had been expecting that question. She noted that Ameristar is experienced at having vessels in water, explaining that the Vicksburg vessel is in a moat-type situation. She noted that the water has to be moved and or filtered, or the water would become a pond. Mr. Stremming pointed out that Ameristar has coffer dams at several of their properties.

Hearing no further questions or comments, Chair Cutler requested a motion. Commissioner Seyfer moved to support Ameristar’s proposed expansion and renovation. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 07-43).

Chair Cutler called on Isle of Capri (IOC) regarding their request for approval of the refinancing of their credit facilities. Curt Beason, legal representative, stated that IOC is again requesting approval to refinance their debt. He indicated that he had submitted the Summary Term Sheet and an Executive Summary. Mr. Beason indicated the secured loan facility would include an aggregate principal amount of up to \$850,000,000 and a senior secured revolving credit facility in an aggregate principal amount of up to \$500,000,000. The funds will be utilized to refinance current debt under the Third Amended and Restated Credit Agreement dated February 4, 2005 and its 9% Senior Subordinated Notes; to pay for related transaction costs, finance working capital needs and capital expenditures and general corporate purposes. Mr. Beason advised that terms had changed and IOC was able to locate more favorable credit facilities which are more beneficial to the company. He noted that since all of the assets of the subsidiaries are encumbered, IOC is required to come before the Commission for approval.

Hearing no further comments or questions, Chair Cutler requested a motion. Commissioner Hamilton moved to approve IOC’s request to refinance their Senior Secured Credit Facilities. Commissioner Bair seconded the motion, which carried unanimously. (See Order No. 07-44)

Chair Cutler moved to the contract approval portion of the agenda, and called on The Isle Casino & Hotel Waterloo (ic&hw). Kim Hardy, General Manager, presented the following contracts for Commission approval:

- At Work Uniforms – Corporate Agreement for Manufacture of All Uniforms
- Coca Cola Bottling Company – Fountain Beverage Service, Vending Service & Bottle/Can Agreement
- Coventry Health Care – Third Party Administrator for Employee Health Benefits
- CVPS, Inc. – Computerized Valet System Equipment & Tickets
- Dell Receivables, LP – Computers & Equipment

- Ecolab, Inc. – Housekeeping Chemical Program, Kitchen Dish Cleaning Program and Pest Control (Pending)
- Edward Don & Company – Food & Beverage Smallwares, China, Glassware, Silverware for Opening Order
- Fehr Beverage – Budweiser Dealer and Other Beers
- Hartford Life Insurance Company – Short-term Disability; Long-term Disability; AD/D; and Employee Life
- HyVee Food Stores – Liquor, Flowers, Food, Etc.
- King Food Service – Seafood Supplier
- Micros Systems – Computers Point-of-Sale System
- Progressive Gaming International Corporation – Purchase of Slot Machine Progressive Equipment and Installation
- Reinhart Food Service – Food, Beverage, Food Service Equipment
- Shuffle Master Incorporated – Lease and Service Contract for Leased Table Games and Card Shuffle Machines
- Shuffle Master Incorporated – Purchase of Rapid Roulette Table Game and Service Contract
- Staples Business Advantage – Supplies
- Vern Laues Auto Center, Inc. – Purchase of Company Vehicles
- Wells Fargo-WellsOne Commercial Card – Visa Credit Cards

Commissioner Hamilton asked about the percentage with Iowa vendors. Mr. Hardy advised that it is 78.70%.

Hearing no further comments or questions, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the contracts as submitted by ic&hw. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 07-45)

Chair Cutler asked Mr. Hardy for a construction update on Waterloo. Mr. Hardy advised that the casino will open to the public on June 30th at 7:00 PM. A private party will commence at 5:00 PM. He indicated it will be a very basic opening, and that no grand opening is being planned. Mr. Hardy stated that everything would be open on June 30th except for the Farraday's restaurant, the pool and spa, and the nightclub. These facilities are scheduled to open on July 29th, November 2007, and January 2008 respectively.

Commissioner Bair asked about other restaurants located on the property. Mr. Hardy indicated all of them, except the Farraday's, would be open when the property opens on June 30th.

Commissioner Hamilton asked about the hotel opening. Mr. Hardy indicated it would open on June 30th.

Hearing no further questions for Mr. Hardy, Chair Cutler called on Isle of Capri Bettendorf (IOCB). Mr. Beason presented the following contracts for Commission approval:

- Sherwin Williams – Provide Carpet, Paint and Paint Supplies
- The Trane Company – 5-Year Contract to Provide Maintenance, Repairs and Parts for HVAC Units in New Hotel

Hearing no comments or questions, Chair Cutler requested a motion. Commissioner Seyfer moved to approve the contracts as submitted by IOCB. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 07-46)

Mr. Ketterer asked if the new hotel tower was open in Bettendorf. Mr. Beason answered in the negative.

Chair Cutler called on Lakeside Casino & Resort. Damon Butler, General Manager, presented the following contracts for Commission approval:

- Active Electronic Services – Parts for Surveillance Equipment (RP)
- Clarke County Development – Contributions for Terrible's Lakeside Casino Community Fund (RP)
- Whitfield & Eddy PLC – Legal Services

Hearing no comments or questions relating to the contracts, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the contracts as submitted by Lakeside. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order. 07-47)

Mr. Beason came back to the podium to correct his response regarding the new hotel tower in Bettendorf. He noted that the new hotel opened Memorial Day weekend with a soft opening.

Chair Cutler called on Harrah's. Michael Silberling, General Manager for Harrah's and Horseshoe Casino/Bluffs Run Greyhound Park (HSC/BRGP), presented the following contracts from each facility for Commission approval:

- Harrah's
 - Cintas Corporation – Uniforms
 - Northwest Airlines – Business and Customer Travel
- Horseshoe Casino/Bluffs Run Greyhound Park
 - Country Inn & Suites – Complimentary Offers for VIP Guests
 - United Tote – Tote Services
 - US Foodservice, Inc. – Primary Food Vendor

Mr. Silberling also addressed their percentage of Iowa purchases as represented on the annual economic impact reports submitted by the properties. He noted that Horseshoe finished at 72.2% in 2006, and for the first quarter of 2007, Iowa purchases are at 82.8%. Harrah's finished 2006 at 69.7% for Iowa purchases, which have increased to 75.9% for the first quarter of 2007. Mr. Silberling advised that the Buy Iowa Task Force has been reinstated, and has looked for Iowa vendors who can provide price, service, and value to compete with the national contracts. They have also looked for opportunities where Iowa vendors can compete on a national basis. Mr. Silberling noted that Harrah's has been utilizing an Iowa company to obtain filters. This company will be signing a seven-figure national contract with Harrah's. Mr. Silberling noted that the economic impact reports do not reflect the Iowa companies that have been able to sign national contracts with the gaming companies. Mr. Silberling introduced Bill Benskin, representing PDI, who spoke briefly about how his local contract with Harrah's has turned into a national contract.

Mr. Benskin, owner of PDI, advised that approximately 80% of the company's business is loyalty club maintenance and printing for casinos. The company first contracted with Harrah's about three years ago. At that time, the company was a commercial printer with approximately 80 employees. Based on their relationship with Harrah's in Council Bluffs, PDI determined that the loyalty club business was a very narrow niche in the print world, and decided to transform the company. Local Harrah's representatives introduced PDI management to corporate representatives, who then sought loyalty club vendors across the country. PDI was one of the selected vendors, and are currently working with 14 Harrah's properties and a total of 42 casinos across the country. PDI has added 53 new jobs in Des Moines, opened an operation in Louisiana, and now has 140 employees.

Mr. Silberling advised that Horseshoe would be bringing a hotel project before the Commission at the July meeting. The 158-room hotel will be developed in conjunction with a third-party vendor, Kineth Hospitality Group. He referenced earlier comments concerning room occupancy, and stated that Harrah's believes that is one of the bottlenecks to continued growth in the market.

Mr. Silberling addressed the contract with Northwest Airlines. He noted that Harrah's national database gives them the ability to fly individuals in from around the country. Harrah's will be expanding their "block seat" program by utilizing their database to identify customers who might be interested in attending concerts and other events at the local property.

Commissioner Bair asked for additional information on the Northwest Airlines contract. Mr. Silberling advised that Harrah's will be using Northwest to fly individuals to local properties to attend events and/or concerts, allowing them to draw business from a larger area.

Chair Cutler called for a motion concerning the contracts for Harrah's and HSC/BRGP. Commissioner Hamilton moved to approve the contracts as submitted by Harrah's and

HSC/BRGP. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 07-48)

Chair Cutler called on Argosy Casino - Sioux City (Argosy). Brian Wessels, Director of Finance, presented the following contracts for Commission approval:

- Express Scripts – Pharmacy Benefits Manager
- The Leroy Hansen Co. – Purchase of Marketing Merchandise & Promotional Materials

Hearing no questions or comments for Mr. Wessels, Chair Cutler requested a motion. Commissioner Seyfer moved to approve the contracts as submitted by Argosy. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 07-49)

Chair Cutler called on Catfish Bend Casino (CBC). Jerry Baum, General Manager, presented a contract with Aristocrat for the purchase of slot machines for Commission approval.

Mr. Baum advised that the casino at Burlington will open on Monday (June 11) at noon. Steamboat Days, a large local event heralding summer activities, begins on Tuesday. The grand opening originally planned for July 12th has been moved back to July 28th to allow the pool and spa to be fully operational.

Hearing no comments or questions for Mr. Baum, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the contract as submitted by CBC. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 07-50)

Chair Cutler called on Diamond Jo Worth (DJW). Jesus Aviles, General Manager, presented the following contracts for Commission approval:

- AON Risk Services – Insurance
- Henkel Construction Company – Construction Contract
- Pritchard's of Clear Lake – Car Dealership used for Marketing, Slot and Company Purchases

Mr. Aviles asked if it was possible to get the Henkel contract approved for a total of \$6 million. Mr. Ketterer advised that the Commission has received similar requests from other properties and advised them to resubmit the contract the following month.

Hearing no additional comments or questions, Chair Cutler requested a motion. Commissioner Seyfer moved to approve the contracts as submitted by DJW. Commissioner Bair seconded the motion, which carried unanimously. (See Order No. 07-51)

Chair Cutler called on Wild Rose Emmetsburg (WRE). Amy Williams, General Manager, presented the following contracts for Commission approval:

- Hewlett-Packard Co. – Computer Equipment
- HP SMB/B2B – Computer Equipment
- Wellmark Blue Cross Blue Shield – Employee Health Insurance
- WMS Gaming - Gaming Equipment

Chair Cutler noted that all of the contracts were with Iowa vendors. Hearing no comments or questions, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the contracts as submitted by WRE. Commissioner Bair seconded the motion, which carried unanimously. (See Order No. 07-52)

Commissioner Bair, noting there was a discussion concerning WRE's relationship with a local golf course at the April Commission meeting, inquired how that was going. Ms. Williams advised that WRE just hired a new golf course manager, leagues are in process, and some tournaments have been set. She indicated the course look the best it has in several years.

Chair Cutler called on Prairie Meadows Racetrack & Casino (PMR&C). Ann Long Richards, Vice President of Finance and Chief Financial Officer, presented the following contracts for Commission approval:

- Atlantic City Coin & Slot Service – Lease Renewal for 2 Bingo Nights Slot Games
- Atlantic City Coin & Slot Service – Lease Renewal for 2 Bonus Party Slot Games
- Atlantic City Coin & Slot Service – Lease Renewal for 2 Mega Bankroll Slot Games
- Bally Gaming, Inc. – Lease Renewal for 1 Bally Cash Wheel Game
- Bally Gaming, Inc. – Lease Renewal for 1 Cash Wheel Game
- Hawkeye Foodservice Distribution – Purchase of Food and Supplies
- IGT – Lease Renewal for 1 \$25,000 Pyramid Slot Game
- IGT – Lease Renewal for 6 Jackpot Hunter Video Slot Games
- IGT – Lease Renewal for 6 I-Game plus Slant Top Slot Games
- IGT – Lease Renewal for 6 Party Time Slot Games
- Ikon Office Solutions – Lease of Color Copier Equipment
- Konica Minolta Business Solutions – Lease of Color Copier Equipment
- Laser Resources, Inc. – Lease of Color Copier Equipment
- Reinhart FoodService – Purchase of Food and Supplies
- Shuffle Master – Table Game Equipment – Lease, Parts & Service
- Spielo Manufacturing Inc. – Purchase of 10 Video Slot Games
- WMS Gaming, Inc. – Lease Renewal for 8 Bluebird Upright Video Slot Machines

Mr. Ketterer requested that Ms. Long stay for the Public Comment portion of the agenda as an individual had requested to address the Commission regarding an issue pertaining to PRM&C.

Hearing no further comments or questions concerning the contracts, Chair Cutler requested a motion. Commissioner Bair moved to approve the contracts as submitted by PMR&C. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 07-53)

Chair Cutler called on Dubuque Greyhound Park & Casino (DGP&C). Bruce Wentworth, General Manager, presented the following contracts for Commission approval:

- Bally Technologies – Slot Machines
- Hilton Garden Inn – Hotel Services
- Martin Brothers – Food and Beverages
- Kirchoff Distributing – Alcoholic Beverages
- Incentive Shop- - Player's Club Incentive Supplies
- Greater Dubuque Development Corporation – Community Development Campaign "Destination for Opportunity"
- WMS Gaming, Inc. – Increase to Previously Approved Transaction Request 5245
- Bally Technologies - Slot Machine Lease

Hearing no comments or questions concerning the contracts, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the contracts as submitted by DGP&C. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 07-54)

Chair Cutler moved to Administrative Business, and called on Mr. Ketterer regarding the Request for Proposals for the Greyhound Promotion Fund. Mr. Ketterer noted that the requests were due in the Commission's Des Moines office by June 30, 2007, and that the Iowa Greyhound Association needed to submit an accounting of how the funds received last year were spent.

Chair Cutler moved to the regulatory fees for 2008. Mr. Ketterer advised that the proposed regulatory fees for Fiscal Year 2008 were sent to the licensees and Commission members by e-mail on Wednesday. He indicated it was not possible to get them out sooner as the Division of Criminal Investigation had difficulty in getting their salary information to the Commission. Mr. Ketterer recommended approval of the regulatory fees as submitted. He requested that the licensees contact staff if they had any questions. Mr. Ketterer stated that these fees would go into effect with the weekly taxes payable on July 5th.

Hearing no comments or questions concerning the regulatory fees, Chair Cutler requested a motion. Commissioner Seyfer moved to approve the regulatory fees for Fiscal Year 2008 as submitted. Commissioner Bair seconded the motion, which carried unanimously. (See Order No. 07-55)

Chair Cutler moved to the committee report from Commissioners Bair and Seyfer regarding Voluntary Exclusion Program Sanctions. Mr. Ketterer advised that the committee was appointed the latter part of last year to study this issue. He noted there have been numerous discussions, and the committee solicited information from other jurisdictions that have dealt with similar issues pertaining to self-exclusion and the voluntary trespass issue and what sanctions they impose. Mr. Ketterer called on Commissioners Bair and Seyfer to present their report. A copy of the report is attached to these minutes and incorporated in its entirety by this reference.

Commissioner Bair noted there were several months of discussion between the committee members and Mr. Ketterer, and study of the information received from other jurisdictions.

Mr. Ketterer indicated the recommended sanctions were retroactive to January 1, 2007. Commissioners Bair and Seyfer concurred.

Hearing no comments or questions, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the Committee Report, and the sanctions contained therein, as submitted. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 07-56)

Chair Cutler moved to Public Comment, and called on Wes Ehrecke, Executive Director of the Iowa Gaming Association. Mr. Ehrecke distributed copies of the 2007 American Gaming Association's State of the State report on the gaming industry. He noted that the report indicates that 80% of the population feels that gambling is an appropriate way in which to spend time, either for themselves or others. Mr. Ehrecke noted that the report is an excellent tool to glean information about the status of the gaming industry across the country.

Chair Cutler called on Royal Roland, representing the Iowa Harness Horsemen's Association (Association), who advised the Commission that there was a contract dispute between the Association and PMR&C concerning payment of the \$1 million to the Association to fund harness racing at the county fairs for 2007. Mr. Roland stated that he had been optimistic the issue could be resolved without the Commission's intervention. Mr. Roland stated that the dispute centers on the type of legal entity to which PMR&C will remit the funds. The Association is requesting that the funds be remitted to the Humboldt County Agricultural Society (HCAS), a 501(c)(5) organization. He noted there are several types of charitable organizations established under the IRS Code. Mr. Roland advised that PMR&C has resisted making payment to the HCAS, citing the IRS Code and their own internal guidelines as far as prohibiting payments being made to that

type of entity. Mr. Roland stated that the Association hired Lane & Waterman to review the issue regarding IRS prohibitions on 501(c)(3) non-profits making payments to a 501(c)(5) organization, and they find there are none. Previously the payments have been made in May, June and July, but no payments have been received to date for 2007. The delay is having a devastating effect on the harness racing industry. Mr. Roland advised the Association has made an attempt to communicate with PMR&C concerning the matter, but have not been successful in establishing a meeting. Mr. Roland requested the Commission's help in expediting the resolution of this matter.

Chair Cutler asked if the Association was asking for payment to go to a new charitable organization the Association started or if it is one that has been in place for awhile. Mr. Roland advised that the Association is asking for the funds to be remitted to a different organization than in past years. Previously, the funds have been remitted to the Humboldt County Fair Foundation (HCFF), a 501(c)(3) entity. Following a review by the legal counsel for the HCFF, questions were raised as to whether the HCFF's classification was the proper one to handle these funds.

Commissioner Bair asked for clarification that the Association's legal representation found no prohibitions in the IRS Code preventing PMR&C from making payment to a 501(c)(5) organization. Mr. Roland indicated that was correct. Chair Cutler asked if the attorney had made any suggestions as to the next legal step available to the Association. Mr. Roland indicated they had not.

Commissioner Hamilton asked if PMR&C had any comments. Ms. Long-Richards clarified that the Association is attempting to use the Humboldt County Agricultural Society, not the Humboldt County Fair Foundation. She advised that PMR&C's legal counsel, Tom Flynn, has been working with the Association's legal counsel to reach a resolution. Ms. Long-Richards pointed out that PMR&C has to be careful as to how funds are distributed so as not to jeopardize their own non-profit status.

Chair Cutler asked Ms. Long-Richards if she had any idea when the matter might be resolved. She answered in the negative, and offered to contact Mr. Flynn. Ms. Cutler asked Ms. Long-Richards to advise Mr. Ketterer of Mr. Flynn's response.

Mr. Ketterer stated the Commission would like to see the two parties sit down for discussions to determine if a resolution can be reached. Mr. Ketterer indicated that he wanted to consult the Commission's legal counsel to determine the Commission's role in this dispute.

Commissioner Bair asked how many county fairs the Association has run at. Mr. Roland advised there are races every weekend through September 15th. Commissioner Bair asked if PMR&C had the funds to make the payment. Ms. Long-Richards answered in the affirmative, but indicated she could not say who would actually issue the check. The funds will be paid directly to the non-profit organization for distribution.

Chair Cutler asked if the prior payee is still in existence. Mr. Roland answered in the affirmative. Chair Cutler asked the reason why the funds could not go to the same organization. Mr. Roland advised that a 501(c)(3) charitable organization is an entity created for religious, educational, scientific or other purposes. The legal counsel for the HCFF questioned if the purpose for which these funds were being utilized met the statutory requirements.

Hearing no further comments or questions for Mr. Roland, and hearing no further Public Comment, Chair Cutler requested a motion to adjourn. Commissioner Hamilton moved to adjourn the meeting. Commissioner Seyfer seconded the motion, which carried unanimously.

MINUTES TAKEN BY

JULIE D. HERRICK

COMMITTEE REPORT

Statewide Voluntary Self Exclusion Program – Violations and Sanctions

The following actions or omissions by a licensee will be considered violations of Sections 99D.7.22 and 99F.4.22 of the Iowa Code and Rule 5.4(12) of the IRGC Administrative Rules:

If a person enrolled in the Program receives money or thing of value after being required to produce identification as a prerequisite to receiving the money or thing of value and the licensee fails to identify the person by screening them through the database of Program members disseminated to all licensees.

Failure to remove a Program member from the players club and direct mailing list of the licensee resulting in the Program member receiving promotional materials, coupons and other material intended to attract people to the licensee's facility. The licensee will have [60] days from the date of the Program member's enrollment to effect the removal before sanctions will be levied.

Failure to identify a Program member who applies or reapplies to a players club by screening the person's identification through the database of Program members disseminated to all licensees.

The guideline for the staff and the licensee for stipulated agreements to be approved by this Commission for sanctions for the above violations will be a \$20,000 fine and a \$30,000 fine for a third violation within a 365 day period. Additionally, the licensee is required to pay the amount or the equivalent value to the Gamblers Treatment Fund as provided in the Iowa Code.

These violations are not all inclusive. Other violations or alleged violations of these and other laws and rules can be considered by this Commission and other sanctions may be imposed including fines and denials, suspensions and revocations of licenses as authorized by the Iowa Code.